

**R E M A R K S**

Applicant appreciates the Examiner's thorough consideration provided in the present application. Claims 1-24 are currently pending in the instant application. No amendments to the claims have been made by way of this response. Reconsideration of the present application is earnestly solicited.

Applicant respectfully requests the courtesies of a personal interview with the Examiner to discuss the present application in greater detail if any issues under 35 U.S.C. § 101 and/or 35 U.S.C. § 112, first paragraph remain after entry and consideration of this response. Applicant's representative may be contacted via telephone in the Washington, DC area at the Examiner's convenience.

**Claim Rejections Under 35 U.S.C. § 101**

Claims 1-24 have been rejected under 35 U.S.C. § 101 as being directed toward non-statutory subject matter. This rejection is respectfully traversed.

With respect to claims 1-21, the Examiner has indicated that since these claims are not practiced on a computer, the claims are not limited to practice in the technological arts. Further, the Examiner indicates that none of the claims are directed toward "practical applications" in the technological arts since "risk control" references are just abstract ideas; and/or the claims are not directed at accomplishing "useful, concrete and tangible result." The

Examiner's interpretation of the claimed invention is respectfully traversed. Further, Applicant respectfully submits that the risk controls are not abstract ideas and/or clearly produce "useful, concrete and tangible results."

Applicant respectfully submits that it appears that the Examiner may misunderstand the concept of organizational risks as fully described in the present application, e.g., associated with an organization's business opportunity, and the corresponding risk exposure (the numerical or mathematical quantification of the risk), the application of risk control(s) to eliminate, mitigate or otherwise control the risks, and the economic value added from the application of a risk control to a particular risk.

For example, Table II of the present application and the corresponding written description describe examples of specific "risk controls" that may be applied to individual risks that have been identified by the user of the claimed system or method. The term risk is not abstract, but instead is specifically defined by the risk exposure associated with pursuing an organization's opportunity. Each of these risk controls has associated costs (both monetary and time required by employees and/or down process time) that may be necessary in order to be implemented in a risk control model. The claimed invention, as seen in FIGs. 5-8 involves the steps of identifying and measuring risks associated with an organization's opportunity, e.g., the opportunity may involve the investment in new equipment, an improvement to a factory or the process steps of an assembly line, etc; creating risk control models, e.g., with

various options of risk controls defined and associated for each risk (organization opportunity).

The practical application that is targeted by the claimed invention is twofold. First, the economic value added from the application of a system of risk controls is a primary benefit of applying and optimizing a risk control model. Second, the client's risk control budget, e.g., the budget the client has available or the client is seeking to define for supporting it's business opportunities, is optimized by the risk control system of the claimed invention. All of these features appear in the claims of the present application and/or are fully described in greater detail in the corresponding application.

The Examiner appears to be confusing the term "abstract" and/or classifying the claimed invention as not being drawn to any useful, technological improvement. First, the Examiner has not applied any art to the claimed invention, e.g., it appears that the Examiner is insinuating that if the claimed invention is not performed by a computer, it is *per se* nonstatutory (see paragraph 2 of the office action). However, whether the claimed invention is clearly claimed as being executed by a computer and/or is merely presented as a risk control system capable of being manually implemented, the claims are not *per se* nonstatutory simply because they have not been claimed as being performed on a computer. Further, although some of the claims have been drafted as being executed by a computer (22-24), the Examiner has still maintained the rejection under 35 U.S.C. § 101 in these cases. Therefore,

Applicant requests clarification if it is the Examiner's position that the claimed invention of claims 1-22 would be statutory subject matter if clearly narrowed to be performed by or on a computer.

The Examiner is apparently analyzing the claims as being too broad to be patentable under 35 U.S.C. § 101. Applicant submits that this method of examination is improper. For example, the Examiner has not applied any art in rejecting these claims, and simultaneously appears to argue that manual implementation of the claimed invention is *per se* nonstatutory. *State Street Bank and Trust Co. v. Signature Financial Group Inc.*, 47 USPQ2nd, 1596 (CAFC 1998) does not support the Examiner's rejection described in the Office Action, e.g., see paragraphs 2, 4, 5, 14 of the Office Action. In *State Street Bank and Trust Co.*, the court clearly stated that: "Whether the patent claims are too broad to be patentable is not be judged under section 101, but rather under sections 102, 103 and 112." Assuming that the statement is correct, this case has nothing to with whether the claimed risk control system is statutory subject matter. The Examiner's apparent position that the steps could be performed manually, e.g., not on a computer, is not a proper reason to reject the claims under 35 U.S.C. § 101 as set forth by the court. The Examiner has not shown the claimed invention being performed either manually or by a computer, so the Examiner's position appears to be an attempt to avoid searching the prior art of record, e.g., as is required of the Examiner.

The Examiner has further advanced the unusual position that the claimed invention is not directed toward a technological art (paragraph 2 of the Office Action) without defining what is meant by technological arts, e.g., Applicant respects clarification as to what constitutes a technological art that would be satisfactory to the Examiner. Technology can be “the system by which a society provides its members with those things needed or desired” see *Webster’s New World Dictionary of American English* (Third College Edition), 1989.

In paragraphs 5-9 of the Office Action, the Examiner has described the holdings of *State Street Bank* and *In re Warmerdam* as describing the necessity of having “a practical application. . .the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price;” and a “useful, concrete and tangible result.” Applicant submits that both the practical application and the useful, concrete and tangible result of the claimed invention are clearly described in both the claims themselves and in the corresponding written description, e.g., including actual examples with monetary (dollar amounts) and time costs for exemplary risks, risk controls and an optimized budget (see worker’s compensation budget described).

The useful, concrete and tangible result is maximizing the economic value added within a given risk control budget. The practical application is that an ideal set of risk controls is selected that will optimize the economic

value added. Specific, exemplary risk controls are clearly defined in the specification in Table II. As described in greater detail in the present application, the claimed invention “relies on the creation, storage, reuse, and modification of risk and management controls in order to create a knowledge base for risk models. Table I and Table II demonstrate sample applications of the aforementioned methodology wherein Management Risk and Specific Risk Controls are defined along with their respective control parameters.” Therefore, the Examiner has clearly been provided with actual examples, i.e., with actual dollars and time requirements, of the allegedly “abstract” concept of “risk controls.” Therefore, this rejection is improper.

In addition, the claimed invention may clearly be directed at a system including “a computerized database for storing and editing risk models, wherein the risk models are classified by industry type, organizational structure, and functional segments within each industry type. Additional classifications can be incorporated into the knowledge base. For instance, the risk models can be developed and classified according to their respective countries. For instance, a company or organization operating within countries that belong to the European Union may be subject to unique codes, tax rates, management/risk control sets, etc.” Therefore, another practical application and useful, tangible result, e.g., optimizing a risk control budget (for example, a company’s worker’s compensation budget), is clearly been shown for the claimed invention.

Pages 15-21 of the present application clearly provide a comparative analysis of the present system applied to an actual working example, e.g., an actual safety system, and a safety system that does not benefit from the claimed invention. Applicant submits that the utility of the claimed invention to managers of organizations is particularly demonstrated by this example.

Applicant submits that the claimed invention is clearly supported by the original written description, is directed at useful, concrete and tangible results in real world (practical applications). The Examiner has not shown any risk control system in the prior art of record, e.g., whether it is performed manually or by a computer. Further, this application should be allowed as the claimed invention is clearly patentable in light of the search already conducted by the Examiner.

If the Examiner believes that amendments to the language of the claims is necessary and/or would clarify the claimed invention for the benefit of the Examiner, the Examiner is requested to contact the undersigned via telephone in the Washington, DC area to expedite the prosecution of the present application.

#### **Claim Rejections Under 35 U.S.C. § 112**

Claims 1-24 have been rejected under 35 U.S.C. § 112, first paragraph as allegedly failing to describe a practical application of the claimed invention

and/or how to practice the alleged undisclosed practical application. This rejection is respectfully traversed.

The Examiner has indicated that since claims 1-24 have been rejected under 35 U.S.C. § 101, these claims must also be rejected under 35 U.S.C. § 112, first paragraph. Accordingly, Applicant submits that since the rejections to claims 1-24 under 35 U.S.C. § 101 have been fully addressed and obviated by the comments presented hereinabove, this rejection has also been obviated and/or rendered moot by the comments submitted hereinabove.

However, the following information is presented to the Examiner in order to be fully responsive to the Examiner's allegation that the claimed invention lacks a disclosed practical application and/or how to practice the alleged undisclosed practical application. This position is respectfully traversed.

The Examiner is respectfully requested to read pages 15-21 of the present application. The Examiner has alleged in connection with the rejections under 35 U.S.C. § 101 and 35 U.S.C. § 112, first paragraph that the concept of a "risk control" is inherently abstract (see paragraph 15):

"simply an abstract construct that does not limit the claims to the transformation of real world data (such as monetary data or heart rhythm data) by some disclosed process. . . . The claims take several abstract ideas (i.e., risk controls in the abstract) and manipulate them together adding nothing to the basic equation."

Applicant submits that pages 15-21 and the corresponding Tables I and II not only demonstrate the transformation of real world data (monetary data),

but the claimed invention also manipulates this real world data to achieve an optimized risk control budget, e.g., instead of spending \$100,000 to achieve a worker safety system with insignificant reductions in risk exposure, the claimed invention permits the user to achieve more for less, e.g., either spend the least amount possible (across the entirety of an organization) and achieve the most benefit (economic value added) for each dollar spent.

As described in further detail hereinabove, Table I and Table II demonstrate sample applications of the aforementioned methodology wherein Management Risk and Specific Risk Controls are defined along with their respective control parameters.” Therefore, the Examiner has clearly been provided with actual examples, i.e., with actual dollars and time requirements, of the allegedly “abstract” concept of “risk controls.” Therefore, this rejection is improper.

In addition, the claimed invention may clearly be directed at a system including “a computerized database for storing and editing risk models, wherein the risk models are classified by industry type, organizational structure, and functional segments within each industry type. Additional classifications can be incorporated into the knowledge base. For instance, the risk models can be developed and classified according to their respective countries. For instance, a company or organization operating within countries that belong to the European Union may be subject to unique codes, tax rates, management/risk control sets, etc.” (see page 15 of the present application)

Therefore, another practical application and useful, tangible result, e.g., optimizing a risk control budget (for example, a company's worker's compensation budget or worker safety system), is clearly been shown for the claimed invention.

Therefore, the Examiner's allegation that the present application lacks utility or is "a useless" invention is improper. Applicant submits that one of ordinary skill in the art would clearly appreciate that the monetary (and time expenditures) optimization of a risk control budget will have obvious benefits for any organization in which the system is applied.

With respect to claim 21, Applicant submits that the Examiner has not discussed the unique algorithm (and the practical implementation of this algorithm by a computerized database further described in the written description) in the context of the prior art of record clearly defined in the present application with both practical application and useful, concrete and tangible results (optimizing risk control budgets).

## **CONCLUSION**

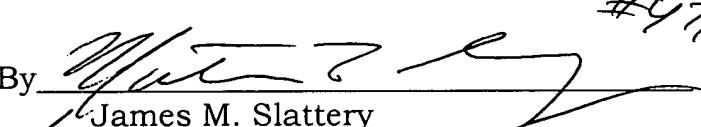
Since the remaining patents cited by the Examiner have not been utilized to reject the claims, but rather to merely show the state-of-the-art, no further comments are necessary with respect thereto.

Pursuant to 37 C.F.R. § 1.17 and 1.136(a), Applicants respectfully petition a three (3) month extension of time for filing a response in connection with the present application. The required fee of \$950.00 is attached hereto.

If necessary, the Commissioner is hereby authorized in this, concurrent, and future replies, to charge payment or credit any overpayment to Deposit Account No. 02-2448 for any additional fees required under 37 C.F.R. §§1.16 or 1.17; particularly, extension of time fees.

Respectfully submitted,

BIRCH, STEWART, KOLASCH & BIRCH, LLP

By   
James M. Slattery  
Reg. No. 28,380  
P. O. Box 747  
Falls Church, VA 22040-0747  
(703) 205-8000

JMS/MTS/jeb  
